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Counsel to the Debtors and  
Debtors in Possession

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE EASTERN DISTRICT OF VIRGINIA  
RICHMOND DIVISION

- - - - - x  
In re: : Chapter 11  
:  
CIRCUIT CITY STORES, INC., : Case No. 08-35653 (KRH)  
et al., :  
:  
Debtors. : Jointly Administered  
- - - - - x

**ORDER PURSUANT TO BANKRUPTCY CODE SECTIONS 105 FED. R.  
BANKR. P. 9019 APPROVING AGREEMENT BETWEEN DEBTORS AND  
VERIZON CORPORATE SERVICES GROUP, INC.**

Upon the motion (the "Motion") of the Debtors  
for entry of an order, under section 105 of title 11 of  
the United States Code (the "Bankruptcy Code") and Rule  
9019 of the Federal Rules of Bankruptcy Procedure (the  
"Bankruptcy Rules"), approving the Settlement Agreement

between Debtors and Verizon Corporate Services Group, Inc. ("Verizon") resolving certain disputes arising in connection with the Services Agreement between Verizon and Debtors dated May 1, 2008,<sup>1</sup> as set forth on Exhibit A attached hereto (the "Settlement Agreement"); and it appearing that the relief requested by the Motion is in the best interests of the Debtors, their estates, their creditors, and other parties in interest; and after due deliberation thereon; and sufficient cause appearing therefor, it is hereby

**FOUND AND DETERMINED THAT:**

A. The Court has jurisdiction over the matters raised in the Motion pursuant to 28 U.S.C. §§ 157 and 1334;

B. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2) and venue in this district is proper under 28 U.S.C. §§ 1408 and 1409;

C. Proper and adequate notice of the Motion, the Settlement Agreement and the hearing thereon has been given, and no other or further notice is necessary; and,

D. Resolution of the disputes with Verizon with respect to payment of the Funds on the terms set

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<sup>1</sup> Terms not otherwise defined herein shall have the meanings ascribed to them in the Settlement Agreement.

forth in the Settlement Agreement is a reasonable exercise of the Debtors' sound business judgment and is in the best interests of the Debtors, their estates, their creditors, and all parties in interest; and it is therefore

**ORDERED, ADJUDGED, AND DECREED that:**

1. The Motion is GRANTED and the Settlement Agreement is APPROVED.

2. The Services Agreement dated May 1, 2008 is terminated as of December 31, 2008.

3. The Debtors are authorized to execute any documents necessary or desirable to consummate the Settlement Agreement.

4. The Court shall retain exclusive jurisdiction to resolve any dispute arising from or relating to this Order and/or the Settlement Agreement.

5. Notwithstanding Bankruptcy Rules 6004(g) and 6006(d), this Order shall take effect immediately upon entry.

Dated: Richmond, Virginia  
January \_\_, 2009

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UNITED STATES BANKRUPTCY JUDGE

WE ASK FOR THIS:

Gregg M. Galardi, Esq.  
Ian S. Fredericks, Esq.  
SKADDEN, ARPS, SLATE, MEAGHER & FLOM, LLP  
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PO Box 636  
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Chris L. Dickerson, Esq.  
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- and -

/s/ Douglas M. Foley  
Dion W. Hayes (VSB No. 34304)  
Douglas M. Foley (VSB No. 34364)  
MCGUIREWOODS LLP  
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901 E. Cary Street  
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(804) 775-1000

Counsel to the Debtors  
and Debtors in Possession

**CERTIFICATION OF ENDORSEMENT UNDER LOCAL RULE 9022-1(C)**

I hereby certify that proposed order has been  
endorsed by or served upon all necessary parties.

/s/ Douglas M. Foley

**Exhibit A**

Circuit City Stores, Inc  
9954 Mayland Drive  
Richmond, VA 23233  
Tel 804.486.4000  
www.circuitcity.com

Carin Falconer  
Vice President  
T 804.486.7368  
carin\_falconer@circuitcity.com.

November 25, 2008

**By Electronic Mail**

Peter Castleton  
Executive Director, Corporate Marketing  
Verizon Corporate Services Group, Inc.  
One Verizon Way  
21E248Basking Ridge, NJ 07920

Dear Peter:

I am writing in response to your letter dated November 20, 2008. Although we dispute each of the allegations in the letter, we believe it is in the mutual interest of both Circuit City and Verizon to reject and terminate the General Services Agreement dated May 1, 2008 (the "Services Agreement") with an effective rejection and termination date of December 31, 2008. We anticipate being able to send you a final invoice for amounts owed by Verizon for Sales Support by January 15, 2009. With respect to Premium Technical Support Services, we understand that Verizon will generate the final invoice for most amounts owed by Verizon by January 31, 2009, and will generate a final invoice by February 15, 2009 for those customers who signed up in December but did not start receiving bills for the service until January. (The aforementioned final invoices for Sales Support and Premium Technical Support Services are hereafter referred to collectively as the "Final Invoices".) Verizon may immediately make arrangements for a substitute provider, including, without limitation, Plum Choice, for the services provided under the Services Agreement with such alternative services to commence after December 31.

Furthermore, we believe it is in the mutual interest of both Circuit City and Verizon to resolve Circuit City's claims for compensation from May to September of 2008 for Sales Support Services covered under the Services Agreement (the "Claims"). Circuit City claims that \$859,813.36 is due for those services. Verizon has agreed to pay \$367,968.72 to resolve the Claims. Thus, this letter confirms our agreement that Circuit City will accept payment of \$367,968.72 in full and complete satisfaction of the Claims (the "Claims Resolution Payment").

November 25, 2008

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The termination of the Services Agreement and the resolution of the Claims as agreed to herein are subject to approval by the United States Bankruptcy Court for the Eastern District of Virginia, Richmond Division, provided, however, that Verizon is authorized immediately to make arrangements for a substitute provider, as described in the first paragraph above. Verizon will make the Claims Resolution Payment by wire to Circuit City within 10 days after receipt of such approval.

Upon Circuit City's timely receipt of the Claims Resolution Payment, other than with respect to the Final Invoices, Verizon and Circuit City shall irrevocably and fully release and discharge one another and each of the other's current and former agents, employees, representatives, successors, predecessors, parents, subsidiaries, affiliates, divisions, owners, shareholders, officers and directors, from and against any and all claims or causes of action arising from, in connection with or relating in any way to the Services Agreement, including, without limitation, any claims for damages arising from Circuit City's rejection or termination of the Services Agreement. Circuit City retains the right to issue and collect for the Final Invoices and Verizon retains the right to dispute the charges in the Final Invoices.

For the avoidance of doubt, nothing in this Agreement shall impair or be deemed to impair Circuit City's rights vis-a-vis Plum Choice under agreements to which Verizon is not a party.

Please sign below acknowledging agreement to the above terms and return to me at the above address.

Sincerely,



Carin Falconer

Accepted and Agreed:

Verizon Corporate Services Group, Inc.

By: 

Date: JAN 5, 2009